

**INTELLIGENCE COMMUNITY STAFF**  
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31 July 1975

STATINTL [redacted]

The draft prepared for DCI's use Monday,  
4 August, used most of this. It does need  
some beefing up as regards our own analytic  
work.

JMC

**INFORMATION**

Mr. Chairman,

I am bound by law to protect the intelligence sources and methods of this nation. I am further bound by my oath of office and by my own conscience to carry out the duties assigned to me as fully and effectively as possible. It is crystal clear from the legislative history of the establishment of CIA that Congress believed that the financial transactions related to intelligence should remain secret. The Congress has consistently reaffirmed that position over the years--most recently in the Senate last June, when a proposed amendment requiring release of an annual budget figure for intelligence was rejected by a vote of 55 to 33. If the Congress changes the law, we will of course conform. But I am strongly opposed to such action, and I am pleased to have the opportunity to tell you and the American public why I think it an unnecessary step, and one that inevitably will weaken our intelligence effort and our national security.

Many people feel that there is something unAmerican about fiscal secrecy, pointing to the Constitutional provision requiring that "No money shall be drawn from the Treasury, but in Consequence of Appropriations made by law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time."

Mr. Chairman, that wording was debated at the Constitutional Convention; the debate shows clearly that the framers knowingly and deliberately chose those words to give Congress the power to withhold certain

appropriations and expenditure data from the public, at least temporarily.

And Congress has exercised that option repeatedly over the years.

One common argument for an open budget is that Members of Congress must know whether a particular appropriation bill contains money for CIA in order to fully exercise their Constitutional duties. But it is a matter of record that CIA funds are contained only in Defense Department appropriations, and any member who wants to know which specific line items are involved can readily obtain that information, on a confidential basis, from the Chairmen of our Appropriations Committees. Thus this is no reason for declassifying the figure.

Another argument is that the American people have not only a right, but a real need to know about the CIA budget and that a dollar *figure* alone will satisfy this perceived need. Frankly I do not believe that a single money amount will serve any useful purpose. The dollar figure has meaning only if you know what it includes and what it excludes, how much is spent in the US and how much abroad, how much goes for people and how much for other purposes, and how these amounts are related to similar amounts for past years. We go into these details in depth with the Congressional Committees designated by the Congress, and I am prepared to support any strengthening of the oversight mechanism Congress chooses, so long as confidentiality can be maintained. But I cannot share these details with the American public without sharing them with the world at large.

I could, of course, take the easy way out and answer your question today, planning to refuse to answer a similar question next year. Such a course is impractical. A precedent would be established. At the very least we would have to reveal a budget total each year. That would immediately give an intelligence analyst in another country something to work with. Moreover, I doubt that the damage would stop there. If figures for two years were available, would the members of this Committee refrain from questions about the reasons for the differences? Would the press?

My conviction that one revelation will lead to another is based on more than a "feeling". The atomic weapons budget has always been considered sensitive, and the Manhattan project was concealed completely during World War II. With the establishment of the AEC, however, a decision was made to include in the 1947 budget a one-line entry. Erosion of security followed rapidly. By 1974, a 15-page breakout and discussion of the atomic weapons program was being published. Were the intelligence budget to undergo a similar experience, the consequences could be very serious.

There are intelligence analysis techniques that could easily be applied to budget data on the Agency or any other intelligence organization.

And, that is why a careful check on our part has not turned up any example of a government anywhere in the world that publishes so much as a single figure on its intelligence budget. Look at this problem as we in intelligence look at foreign problems. For example, the Chinese have not published the value of their industrial production since 1960. But they have published percentage increases for some years without specifying the base, both for the nation and for most of the provinces. It took one key figure to make these pieces useful; when the Chinese reported that the value of industrial production in 1971 was 21 times that of 1949, we could derive an absolute figure for 1971. With this benchmark, we could reconstruct time series both nationally and province by province. If we begin releasing budget figures, others will be able to take scraps of information about the Agency and use a similar kind of analysis to ferret out details that would put some of our operations in jeopardy.

Let me turn your attention for a moment to the development of the U-2. Our budget did increase significantly during the development phase. That fact, if public, would have attracted attention abroad. If it had been supplemented by knowledge (available perhaps from Aviation Week, industry rumor or advanced espionage techniques) that funds were being committed to a major aircraft manufacturer and to a manufacturer of sophisticated mapping cameras, the correct conclusion would be simple to draw. The US manufacturers in question, their employees and their

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superseded by statement dated 2004/05/13 which would have become high priority intelligence  
targets for foreign espionage. And I have no doubt that the Soviets  
would have taken early steps to acquire a capability to destroy very-  
high-altitude aircraft--steps they did indeed take, with eventual success,  
once the aircraft began operating over their territory--that is, once  
they had knowledge of a US intelligence project.

In summary, Mr. Chairman, I am a professional intelligence officer.  
I have a job for which I was nominated by the President and confirmed  
by the Congress. It is to make our national intelligence effort as effective  
as I can within the bounds of law. I do not believe that either the  
Congress or the American public wants me to take a step which in my  
considered judgment would weaken our intelligence effort and damage  
our national security.

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### THE OPEN BUDGET ISSUE

It is obvious enough that the CIA budget can never be publicly revealed in the depth of detail that characterizes most normal Federal agencies. Disclosure of detailed information on many of the Agency's activities would eliminate CIA's ability to carry out those activities which Congress intended when the Agency was established. There are basically two reasons for this. Many individuals and governments which now cooperate with US intelligence would reassess that cooperation in light of the possibility that details of their relationship with the Agency could become public knowledge. We are talking here of very sensitive relationships, generally involving the reputations, means of livelihood, or even the lives of individuals, and sometimes the future stability of governments. Second, revelation of detailed information would greatly facilitate efforts of our adversaries to hinder the effectiveness of our intelligence apparatus either by direct operations against us or by encouraging other governments to take steps to limit or destroy our capabilities.

There seems to be little basic disagreement with this view as regards the details of our intelligence operations. However, some acknowledge these points but argue that the public has a right to know the overall size of the CIA budget and that a decision to reveal only the overall size of the CIA budget cannot possibly endanger any specific operations. Thus, the term "open budget" has generally come to symbolize the desirability of revealing only the CIA budget total without further detail.

It is asserted that the public will be better able to make a judgment that the size of the CIA budget is appropriate to American needs if the overall size of the budget is made known. Yet public knowledge of only the CIA total will not significantly increase the public's ability to make any judgment about the appropriateness of the CIA program for the reason that, without further detail and understanding of the various programs which make up the budget, no significant conclusion can be drawn about the appropriateness of the funding level or the programs provided for within it. An illustration will better make this point.

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Suppose that the only information publicly available about the US Defense budget is that it totals \$100 billion, without any additional detail as to the size of our strategic weapons programs, our R&D effort, the size of our standing military force structure, the military assistance program, or the portion of the budget which is essentially administrative support as opposed to a capability for action in an emergency. There could be no effective public discussion of the implications of this hypothetical \$100 billion budget without such detail.

In addition, the CIA budget is less than 20 percent of the total Intelligence Community budget. If it is desirable that the public be aware of the amounts being spent for CIA only in overall terms, it seems much more important that the total Community figure be public knowledge than that one particular program be singled out.

It is asserted that the public has a right to know what the CIA budget is, particularly in view of the provision of the US Constitution which provides that: "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time." Though there has been no effective judicial test of the procedures which have been in effect since the passage of the 1947 and 1949 Acts establishing CIA, we believe that present procedures are fully in accord with the Constitution. Agency appropriations are an integral part of appropriations made by law and are reflected in the Treasury's Statement and Account of Receipts and Expenditures in compliance with Article I, Section 9, clause 7 of the Constitution. Moreover, there is considerable historical precedent for budgetary secrecy, going back to debates in Constitutional Conventions and the use of a secret fund during the administrations of Washington and Madison, and a secret appropriations act in 1811. Congress has consistently supported the need for secrecy concerning intelligence budgets and most recently endorsed secrecy of intelligence budgets in June 1974 when the Senate rejected an amendment to the Department of Defense Appropriations Act of 1975 which would have required that the total budget figure for intelligence purposes be made public.

Revealing even the CIA total will do substantial harm to the US intelligence effort. It will enable foreign intelligence services to improve considerably their estimates of our capabilities. Year-to-year changes in budget levels (particularly

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if they are sizable as they sometimes have been in the past) will, taken together with other information, make possible much better conclusions about the future direction of major Intelligence Community programs. The US Government would benefit considerably from access to this same information with respect to the Soviet intelligence effort.

Year-to-year changes in the CIA budget will raise questions unanswerable on the floor of Congress as to which programs are increasing and which programs are decreasing.

CIA receives substantial funds under arrangements well understood within the Committee from the special Air Force program for management of satellite programs and from the special Navy program. Revealing the CIA budget alone will leave unanswered the question of how much money CIA actually spends each year. It is only a question of time before someone reveals that the CIA budget is one amount but that the amount actually spent by the Agency is greater (because of the special Air Force and Navy funds), leading to accusations of deception.

Revealing just the CIA budget total will inevitably lead to pressure on the Committee to reveal further budget figures which cannot by themselves be considered to be terribly sensitive (for example, the cost of the CIA Office of Logistics, or the Personnel Office, or the Offices of General and Legal Counsels and the Comptroller, or the Agency's production components, or of such "semiovert" entities as the Foreign Broadcast Information Service or the Domestic Contact division) but which, when added together and subtracted from the total budget figure, will define with great accuracy the remaining sensitive operational and R&D portions of the budget.

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